

AR28

**HUNTER
DOUGLAS
GROUP**



1970 ANNUAL REPORT

The Annual Meeting of Shareholders will be held at the auditorium of The Royal Bank of Canada Building,
1 Place Ville Marie, Montreal, Quebec, Canada, at 3 p.m. on April 30, 1971.

Hunter Douglas Limited and subsidiaries

FIVE YEAR FINANCIAL HIGHLIGHTS

(expressed in thousands of U.S. Dollars except for per share data and ratios)

	1970	1969	1968	1967	1966
Net sales	129,777	107,734	87,268	68,898	61,868
Income before taxes and minority interest	11,902	10,600	9,147	6,306	5,233
Net income after taxes and minority interest	6,341	5,980	5,105	3,405	2,899
Income before taxes and minority interest as a % of net sales	9.2%	9.8%	10.5%	9.2%	8.5%
Net income per average number of common and deferred shares outstanding (after preferred dividends)*	1.10	1.08	.97	.64	.54
Cash flow	12,559	10,511	9,133	6,474	5,295
Cash generated by average number of common and deferred shares	2.18	1.91	1.74	1.24	1.01
Working capital ratio	1.57	1.75	1.63	1.97	1.92
Shareholders' equity at end of year	51,696	46,339	33,464	29,298	25,963
Average number of common and deferred shares outstanding during year (adjusted for splits)	5,773,249	5,513,478	5,240,173	5,234,592	5,234,592
Book value of common and deferred shares at end of year	8.95	7.86	6.19	5.23	4.59
Long-term debt as a % of equity (including minority interests) at end of year	11.6%	10.6%	16.3%	14.9%	15.2%
Additions to property, plant and equipment	9,248	6,185	5,308	3,390	4,617
Depreciation and amortization	4,084	3,006	2,639	2,349	2,226

*) Earnings per share are reported in U.S. Dollars only in view of the fluctuating rate of exchange between U.S. and Canadian Dollars.

For information purposes, reported U.S. Dollar earnings per common and deferred share are stated in Canadian Dollars:

(i) at average rate prevailing in each respective year (note 1b to financial statements)	1.15	1.15	1.04	.69	.58
(ii) at December 31, 1970 rate applied to all years	1.11	1.08	.98	.64	.54

Report to Shareholders

The Hunter Douglas Group has posted another sales and earnings record in 1970 despite difficult economic conditions in many parts of the world.

Sales were \$129.7 million*, up from \$107.7 million in 1969. Net earnings increased from \$5,980,000 to \$6,341,000. Earnings per share rose to \$1.10.

We are very pleased with the more than 20% sales increase, since it demonstrates the continued progress of our business. The 6% profit growth is encouraging because, even in the face of substantially higher raw material and wage costs, our gross profit percentage has been maintained. Also, most of the profit increase was achieved in the second half of the year, and this momentum has carried over into 1971.

Several factors combined to prevent earnings from attaining our historical growth rate: Higher financing costs — mainly resulting from larger inventories and accounts receivable reflecting expanded sales — and higher money rates resulted in an increase of close to \$1 million in total interest expense. Selling, general and administrative expenses were higher due to increased salaries and exceptional market development costs in some areas. Also, income taxes went up due to higher rates in some nations and larger than normal distribution of subsidiary earnings to the parent company increasing local withholding-tax charges.

Our long-term debt at the end of the year was only 11.6% of equity. Since then we increased long-term debt by about \$5 million and expect to convert a further portion of short-term indebtedness to longer terms, strengthening our working capital ratio.

Approximately two thirds of the record-breaking 1970 turnover was again generated by the sale of consumer, building and architectural products. The remainder was contributed largely by our machinery division, which currently has the highest order backlog in its more than 50-year history.

A principal element in our growth philosophy has been to retain profits in the business to invest in new products with high sales and profit potential throughout the world. Emphasis has also been placed on seeking out acquisitions and joint ventures that contribute to future growth and provide integration and products to complement our existing operations.

We continued to apply this management policy in 1970 by taking a number of steps to stimulate both internal and external expansion.

Several acquisitions were made during the year. One was a well-known German machinery firm whose product line complements that of our Wotan subsidiary. Another was a leading Dutch manufacturer of camping equipment that speeded up our entry into the leisure-time products field. A third acquisition was a nationwide manufacturing and distribution company in Canada that strengthened our marketing network there.

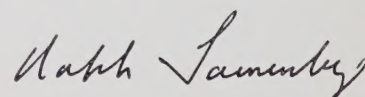
In February of this year, we purchased Nederlandsche Aluminium Maatschappij (NEDAL). This gave us access to heavy aluminum extrusion and foil facilities as well as a good position in the growing market for highway illumination poles.

Construction of a 20,000-square meter finishing and distribution center in Holland started in the last half of 1970. The Dutch-based aluminum smelter in which we participate with Pechiney is progressing and scheduled to begin production during the second quarter of 1971. This will provide us with a low-cost source of our most important raw material.

In total, we spent approximately \$8 million during the year to expand and improve existing facilities around the world.

Early in October, the Group's management was restructured and centered in Rotterdam, the site of our largest operation. We expect this move to result in increased efficiency and reduction of administrative cost. Canadian activities were combined in a separate subsidiary, Hunter Douglas Canada Limited. The promotion of several executives to the post of Vice President was announced at that time, as was my appointment as President and Chief Executive Officer.

The Board of Directors joins me in extending recognition to the more than 7,000 Hunter Douglas employees around the world whose contributions made our achievements and growth possible. We feel confident that as a result of actions taken in 1970, we will be able to show further healthy sales and earnings increases in 1971.



Rotterdam
March 31, 1971

Ralph Sonnenberg
President

*) All amounts expressed in U.S. Dollars.

Hunter Douglas Limited and subsidiaries

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1970

(expressed in United States dollars)

	1970 \$	1969 \$
Sales, less returns and allowances	129,777,260	107,734,082
Cost of sales	84,886,017	70,706,756
Gross profit	44,891,243	37,027,326
Selling, general and administrative expenses	31,149,914	25,358,496
Income from operations	13,741,329	11,668,830
Other expenses and (income)		
Interest expense — long-term debt	676,893	612,162
— other	2,119,892	1,272,414
Foreign exchange	(157,346)	(199,259)
Interest income	(788,038)	(502,931)
Miscellaneous	(12,332)	(113,349)
	1,839,069	1,069,037
Income before income taxes	11,902,260	10,599,793
Income taxes	4,796,209	3,914,739
Income before minority interest	7,106,051	6,685,054
Minority interest	765,029	705,015
Net income	6,341,022	5,980,039
Net income per common and deferred share (based on the average number outstanding during the year)	\$ 1.10	\$ 1.08

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1970

(expressed in United States dollars)

	1970 \$	1969 \$
Balance — beginning of year	34,218,523	28,308,476
Net income	6,341,022	5,980,039
	40,559,545	34,288,515
Dividends on preferred shares	16,184	69,992
Balance — end of year	40,543,361	34,218,523

The appended notes are an integral part of the financial statements.

Hunter Douglas Limited and subsidiaries

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1970

(expressed in United States dollars)

ASSETS

	1970 \$	1969 \$
Current Assets		
Cash	6,771,552	5,348,204
Notes and accounts receivable (less allowances 1970 — \$ 2,131,745; 1969 — \$ 1,908,302)	35,097,319	29,062,958
Inventories (note 2) —		
Finished goods	19,362,307	15,582,148
Work in process	14,970,657	12,112,128
Raw materials	10,649,599	9,886,958
Total current assets	<u>86,851,434</u>	<u>71,992,396</u>
Property, Plant and Equipment		
Land	3,605,445	3,388,921
Buildings	18,058,362	15,880,731
Machinery and equipment	31,094,709	25,423,589
Cost	52,758,516	44,693,241
Accumulated depreciation	<u>22,474,678</u>	<u>18,883,571</u>
	<u>30,283,838</u>	<u>25,809,670</u>
Other Assets		
Investments in and advances to unconsolidated subsidiaries and other companies — at cost (note 1)	935,923	630,553
Notes and accounts receivable — long-term	2,884,945	2,058,452
Employee housing — net of related mortgages payable of \$ 1,947,345 (1969 — \$ 1,556,664)	1,214,334	838,983
Intangible assets — at cost less amortization	201,889	309,140
Excess of investments in subsidiaries over net assets at dates of acquisition	4,010,443	2,274,640
	<u>9,247,534</u>	<u>6,111,768</u>
	<u><u>126,382,806</u></u>	<u><u>103,913,834</u></u>

Signed on Behalf of the Board:

Ralph Sonnenberg
Director

Frank B. Craig
Director

LIABILITIES

	1970 \$	1969 \$
Current Liabilities		
Bank advances	16,191,896	10,202,135
Accounts payable — trade	18,169,340	17,254,315
Accrued wages and other compensation	1,481,549	1,300,934
Other accounts payable and accrued expenses	13,845,021	7,524,358
Income taxes	4,417,177	3,658,963
Long-term debt due within one year	1,147,676	1,149,180
Total current liabilities	<u>55,252,659</u>	<u>41,089,885</u>
Other Liabilities		
Provision for warranties	1,993,075	1,530,862
Provision for pensions	2,718,516	2,188,095
Deferred taxes	1,629,441	1,337,145
	<u>6,341,032</u>	<u>5,056,102</u>
Long-Term Debt (note 3)	<u>6,730,338</u>	<u>5,515,008</u>
Minority Interest — including an amount of \$ 695,350 (1969 — \$ 735,570) attributable to preferred shares	<u>6,362,713</u>	<u>5,913,513</u>
	<u>74,686,742</u>	<u>57,574,508</u>

SHAREHOLDERS' EQUITY

Capital Stock (notes 4 and 5)	1,904,540	2,872,640
Contributed Capital	9,248,163	9,248,163
Retained Earnings	40,543,361	34,218,523
	<u>51,696,064</u>	<u>46,339,326</u>
	<u>126,382,806</u>	<u>103,913,834</u>

The appended notes are an integral part of the financial statements.

Hunter Douglas Limited and subsidiaries

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1970

(expressed in United States dollars)

	1970 \$	1969 \$
SOURCE OF FUNDS		
From Operations		
Net income before minority interest	7,106,051	6,685,054
Charges to operations not involving a current outlay of cash		
Depreciation and amortization	4,083,877	3,005,799
Provision for long-term liabilities — net	1,284,930	738,968
Other	83,801	81,406
	<u>12,558,659</u>	<u>10,511,227</u>
Initial public sale of 486,500 common shares on June 27, 1969, net of expenses	—	6,554,122
Issuance of capital stock to employees	—	410,670
	<u>12,558,659</u>	<u>17,476,019</u>
 USE OF FUNDS		
Additions to property, plant and equipment, net of retirements	8,470,270	5,602,518
Decrease (Increase) in long-term debt — net	(1,215,330)	883,327
Redemption of preferred shares of parent company	968,100	—
Redemption of preferred shares of subsidiary company	—	347,700
Dividends to minority shareholders of subsidiary companies	299,126	318,061
Dividends to preferred shareholders of parent company	16,184	69,992
Acquisition of stock from minority shareholders of subsidiary companies	28,379	145,612
Increase in other assets and investments — net	3,295,666	493,281
	<u>11,862,395</u>	<u>7,860,491</u>
 NET INCREASE IN WORKING CAPITAL	<u>696,264</u>	<u>9,615,528</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1970

(expressed in United States dollars excepting share par values which are stated in Canadian dollars)

1. Principles of Consolidation

- (a) The consolidated financial statements include the accounts of Hunter Douglas Limited and its wholly or majority owned subsidiaries with the exception of certain subsidiaries which are in the course of formation or whose operations are not significant and are not directly related to those of the Group. The Group's share in the equity of these subsidiary companies was at least equal to the amount of its investment therein. All 50% owned companies have also been consolidated as their operations form an integral part of the operations of the Group.

- (b) The consolidated financial statements are expressed in United States dollars and have been translated from other currencies as follows:

Current assets and liabilities at rates of exchange at the balance sheet date; long-term assets and liabilities and shareholders' equity at rates of exchange applicable at the time of acquisition or when the debt was incurred; income and expenses, other than depreciation and amortization, at the average rates of exchange during the year.

Unrealized gains on exchange arising from this method are deferred; unrealized losses are charged to results for the current year to the extent that they exceed previously deferred amounts.

2. Inventories

Finished goods and work-in-process are stated principally at the lower of average production cost or market. Raw materials are stated principally at the lower of cost (on a first-in first-out basis) or market.

3. Long-Term Debt

	1970	1969
Unsecured loans and notes payable	\$ 4,351,663	\$ 2,478,988
4¾% – 7¼% mortgage loans, maturing in varying instalments through 1995	<u>2,378,675</u>	<u>3,036,020</u>
	<u>\$ 6,730,338</u>	<u>\$ 5,515,008</u>

The aggregate annual amount of maturities over the next five years are as follows: 1971 - \$ 1,147,676
1972 - \$ 1,587,748; 1973 - \$ 1,307,727; 1974 - \$ 907,316; 1975 - \$ 758,814.

4. Capital Stock

The authorized and issued capital stock as at December 31, 1970 was as follows:

Authorized	Shares issued and outstanding	Amount	
		Canadian \$	U.S. \$
2,000 5% cumulative \$ 500 par value first preferred shares redeemable at par (i)	—	—	—
500,000 5¾% cumulative \$ 20 par value second preferred shares redeemable at par	—	—	—
10,000,000 common shares of \$.35 par value (ii)	914,314	328,716	307,551
6,000,000 deferred shares of \$.35 par value (ii)	4,858,935	1,691,921	1,596,989
		<u>2,020,637</u>	<u>1,904,540</u>

- (i) On January 5, 1970, all issued and outstanding first preferred shares were redeemed at par and are not available for reissue. The retained earnings include an amount equal to their par value which has been set aside as required by law.
- (ii) The deferred shares are convertible to common shares at the option of the holders on a one for one basis. During the year 13,394 deferred shares were converted.

5. Capital Stock Options to Directors, Officers and Employees

Details of options granted and outstanding under the Company's stock option plans as at December 31, 1970, are as follows:

	Price per Share	Exercisable before
6,502 deferred shares	U.S. \$ 4.58	July 1972
4,811 deferred shares	U.S. \$ 5.23	Feb. 1973
17,815 common shares	U.S. \$ 5.23	Feb. 1973
75,300 common shares	C. \$ 11.50	April 1975

125,091 common shares are reserved for future option grants.

In 1967 options to purchase 100,000 shares of an Australian subsidiary were granted to employees at Australian \$ 1.50 each (U.S. \$ 1.67) exercisable between 1970 and 1972. Options to purchase 28,000 of these shares were exercised during 1970.

6. Exchange Regulations

Funds situated in various countries in which the Group operates are subject to exchange regulations which are dependent upon the nature of the funds and regulations existing in a particular country at any one time. In the main, only minor restrictions exist on the withdrawal of cash of a current nature, such as dividends. Major withdrawals of funds of a capital nature may however become subject to exchange restrictions.

7. Pension Plans

The Group has several pension plans covering most employees. Charges to costs and expenses under these plans amounted to \$ 709,835 in 1970, which includes amortization of prior service costs.

8. Contractual Commitments

- (a) As at December 31, 1970 there were commitments for capital expenditures as follows: 1971 - \$ 6,250,000; 1972 - \$ 2,250,000.
- (b) A subsidiary company is a limited minority partner in a project and has guaranteed repayment of its share of certain long term financing. The subsidiary's portion is estimated at \$ 8,500,000 to 1992.
- (c) Other commitments and contingencies consist of: bills under discount of \$ 3,260,000; guarantees totalling \$ 250,000 in respect of bank loans to unconsolidated subsidiaries; other sundry guarantees of \$ 244,000 and annual rentals of \$ 148,000 in respect of long-term leases expiring at varying dates to 2061.

9. Depreciation and Amortization

Depreciation and amortization has been charged in the accounts as follows: 1970 - \$ 4,083,877; 1969 - \$ 3,005,799.

AUDITORS' REPORT

To the Shareholders of
Hunter Douglas Limited

We have examined the consolidated balance sheet of Hunter Douglas Limited and subsidiaries as at December 31, 1970 and the consolidated statements of income, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. Our opinion expressed herein, in so far as it relates to certain subsidiaries of Hunter Douglas Limited of which we are not the auditors, is based solely upon the reports of other auditors which were furnished to us.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ROTTERDAM
April 2, 1971.

COOPERS & LYBRAND
Chartered Accountants

DIRECTORS

HENRY SONNENBERG London, England	Chairman of the Board Hunter Douglas Limited
JOHN H. COLEMAN Montreal, Canada	Director, Deputy Chairman and Executive Vice President The Royal Bank of Canada
FRANK B. CRAIG 's Gravenhage, Netherlands	Executive Vice President Hunter Douglas Limited
PROF. DR. HERMAN J. HELLEMA Laren, Netherlands	Lawyer
WALTER L. HEYMAN London, England	Vice President, Corporate Development Hunter Douglas Limited
DR. CHRISTIAN F. KARSTEN Laren, Netherlands	Managing Director Amsterdam-Rotterdam Bank N.V.
ALAN C. POND Longueville, Australia	Managing Director Hunter Douglas Limited (Australia)
RALPH SONNENBERG Wassenaar, Netherlands	President and Chief Executive Officer Hunter Douglas Limited
JAN VAN DER VELDEN Wassenaar, Netherlands	President De Nationale Nederlanden N.V. Insurance Group

OFFICERS

RALPH SONNENBERG * Wassenaar, Netherlands	President and Chief Executive Officer
FRANK B. CRAIG * 's Gravenhage, Netherlands	Executive Vice President
WALTER L. HEYMAN * London, England	Vice President, Corporate Development
GERHARD BAUM 's Gravenhage, Netherlands	Vice President and Controller
JOHN L. BRUHL Rotterdam, Netherlands	Vice President, Secretary and Treasurer
GABRIEL ORECHKOFF 's Gravenhage, Netherlands	Vice President and General Counsel

*) Is also member of Board of Directors

REGISTRAR, TRANSFER AGENT AND DEPOSITARY

Montreal Trust Company Montreal, Toronto, Calgary Regina, Saint John, Vancouver and Winnipeg, Canada	Registrar and Transfer Agent for Common Shares and Custodian for Curacao Depositary Receipts
Caribbean Depositary Company N.V. Willemstad, Curacao	Depositary for Curacao Depositary Receipts for Common Shares
Amsterdam-Rotterdam Bank N.V. Amsterdam, Netherlands	Agent of Depositary
Pierson, Heldring & Pierson Amsterdam, Netherlands	Agent of Depositary

Principal Manufacturing and Distributing Operations

- Europe**
- Hunter Douglas - Regional Representative, Vienna
 - Hunter Douglas Belgian Branch, Brussels
 - Hunter Douglas S.A.R.L., Paris
 - Hunter Douglas G.m.b.H., Dusseldorf
 - Wotan Werke G.m.b.H., Dusseldorf
 - △ Wewag G.m.b.H., Dusseldorf, Bremen
 - △ Sauter K.G., Markgroeningen
 - △ Kollmann Maschinenbau G.m.b.H., Langenberg-Rhld.
 - Hunter Douglas Limited., U.K. Branch, Walton on Thames
 - Soag Machine Tools Ltd., Brentford, Middlesex
 - △ Soag Machinery, Brentford, Middlesex
 - △ Hunter Douglas, Rotterdam, Leek, Oudenbosch
 - △ Laagland, Rotterdam
 - △ N.V. Nederlandsche Aluminium Mij., Utrecht
 - Aluminium Bouwproducten, Dordrecht
 - Rodiac, Rotterdam, Leek, Dusseldorf
 - + Walker Industrie- en Handelsmij. N.V., Deurne
 - Italy ● Promes S.R.L., Milan
 - Spain ● Hunter Douglas S.A., Barcelona
 - Madrid, Bilbao, Sevilla
 - Sweden ● Hunter Douglas (Scandinavia) A.B., Goteborg
 - Switzerland ● Hunter Douglas Swiss Branch, Lucerne



Legend
Consumer, Building and Architectural Products:

- Manufacture
- Distribution
- △ Manufacture
- Distribution
- + Other diversified operations

Principales Installations de Fabrication et Distribution

Légende

- Produits pour les consommateurs et Matériaux pour l'architecture et la construction :
 - ▲ Fabrication
 - Distribution
- Machines de précision pour la fabrication des produits de consommation et des matériaux industriels :
 - △ Fabrication
 - Distribution
- † Autres exploitations diversifiées



North America

- Canada
 - ▲ Hunter Douglas Canada Limited, Montreal
- U.S.A.
 - Toronto, London, Quebec, Vancouver, Edmonton, Winnipeg
 - Hunter Douglas Inc., Stamford, Conn.
 - Hunter Douglas Machinery Corp., East Paterson, N.J.

South and Central America

- Argentina
 - Hunter Douglas - Regional Representative, Buenos Aires
- Brazil
 - ▲ Acustimetal Ltda., Sao Paulo
- Chile
 - ▲ Industrias Metalicas Chile S.A., Santiago
- Colombia
 - ▲ Industrias Metalicas Hunter Douglas S.A., Bogotá
- Panama
 - Hunter Douglas - Regional Representative, Panama City
- Venezuela
 - ▲ Industrias Metalicas Hunter Douglas C.A., Caracas

Australasia

- Australia
 - ▲ Hunter Douglas Limited, Sydney
 - ▲ Dural Leeds Pty., Ltd., Melbourne
 - ▲ Mello-Lite Pty., Ltd., Sydney
 - ▲ Young & Mitchell Pty., Ltd., New Castle
 - Shademaster Pty., Ltd., Sydney
 - + Cordex Pty., Ltd., Sydney
- With offices in Sydney, Melbourne, Brisbane, Adelaide, Perth

- New Zealand
 - ▲ Hunter Douglas Ltd., Auckland

South East Asia

- Singapore
 - Austasia Industries Pty., Ltd.
- Hongkong
 - Hunter Douglas Regional Representative

CONSEIL D'ADMINISTRATION

HENRY SONNENBERG
Londres, Angleterre
JOHN H. COLEMAN
Montréal, Canada

FRANK B. CRAIG
's Gravenhage, Pays-Bas
PROF. DR. HERMAN J. HELLEMA
Laren, Pays-Bas

WALTER L. HEYMAN
Londres, Angleterre
DR. CHRISTIAN F. KARSTEN
Laren, Pays-Bas
ALAN C. POND
Longueville, Australie

RALPH SONNENBERG
Wassenaar, Pays-Bas
JAN VAN DER VELDEN
Wassenaar, Pays-Bas

DIRECTEURS

RALPH SONNENBERG *
Wassenaar, Pays-Bas
FRANK B. CRAIG *
's Gravenhage, Pays-Bas
WALTER L. HEYMAN *
Londres, Angleterre

GERHARD BAUM
's Gravenhage, Pays-Bas
JOHN L. BRUHL
Rotterdam, Pays-Bas

GABRIEL ORECHKOFF
's Gravenhage, Pays-Bas
(*) Est aussi membre du conseil d'administration

PRÉPOSÉ AUX REGISTRES, AGENT COMPTABLE ET DÉPOSITAIRE

Montreal Trust Company
Montréal, Toronto, Calgary
Regina, Saint John, Vancouver
et Winnipeg, Canada
Caribbean Depositary Company N.V.
Willemstad, Curaçao
Amsterdam-Rotterdam Bank N.V.
Amsterdam, Pays-Bas
Pierse, Holding & Pierse
Amsterdam, Pays-Bas
Agent du Dépositaire
Agent du Dépositaire
Dépositaire des Curaçao
Dépositary Receipts
Préposé aux registres et
agent comptable des transferts
d'actions ordinaires et gardien
des Curaçao Depositary Receipts

Président-Directeur Général
Vice-Président Exécutif
Vice-Président, Développement et Diversifications
Vice-Président et Contrôleur
Vice-Président, Secrétaire et Trésorier
Vice-Président et Conseiller Juridique

Président du Conseil
Hunter Douglas Limitée
Administrateur, Chairman Délégué et
Vice-Président Exécutif
La Banque Royale du Canada
Vice-Président Exécutif
Hunter Douglas Limitée
Vice-Président, Développement et Diversifications
Hunter Douglas Limitée
Directeur Général
Amsterdam-Rotterdam Bank N.V.
Directeur Général
Hunter Douglas Limited (Australie)
Président
Hunter Douglas Limitée
Président
De Nationale Nederlanden N.V.
Groupe d'Assurances

8. Engagements contractuels

- (a) Au 31 décembre 1970, on s'était engagé à effectuer des dépenses en immobilisations comme suit: 1971 - \$ 6,250,000; 1972 - \$ 2,250,000.
- (b) L'une des filiales est un associé minoritaire à responsabilité limitée dans un projet et elle a garanti le remboursement de sa part de certains endettements à long terme. La part se rapportant à la filiale est évaluée à \$ 8,500,000 d'ici 1992.
- (c) D'autres engagements et imprévus se composent: de billets escomptés de \$ 3,260,000, de garanties totalisant \$ 250,000 en ce qui concerne les emprunts bancaires qui ont été effectués par des filiales non consolidées; de diverses garanties d'un montant de \$ 244,000 et de loyers annuels de \$ 148,000 concernant les baux à long terme expirant à diverses dates jusqu'en 2061.
10. Amortissement
- L'amortissement a été porté aux livres comme suit: 1970 - \$ 4,083,877; 1969 - \$ 3,005,799.

RAPPORT DES VÉRIFICATEURS

Aux actionnaires,

Hunter Douglas Limitée

Nous avons examiné le bilan consolidé de Hunter Douglas Limitée et ses filiales au 31 décembre 1970 et les états consolidés du revenu, des bénéfices non répartis et de la provenance et de l'utilisation des fonds pour l'exercice terminé à cette date. Notre examen a comporté une revue générale des procédés comptables et les sondages des livres, pièces et autres documents à l'appui que nous avons considérés nécessaires dans les circonstances. L'opinion que nous exprimons, dans la mesure où elle se rapporte à certaines filiales de Hunter Douglas Limitée dont nous ne sommes pas les vérificateurs, n'est fondée que sur les rapports qui nous ont été fournis par d'autres vérificateurs. A notre avis, ces états financiers consolidés présentent équitablement la situation financière des compagnies au 31 décembre 1970 et les résultats de leurs opérations ainsi que la provenance et l'utilisation de leurs fonds pour l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus, appliqués de la même manière qu'au cours de l'exercice précédent.

ROTTERDAM, le 2 avril 1971

COOPERS & LYBRAND
Comptables agréés

Les produits finis et les travaux en cours sont exprimés surtout au plus bas du coût moyen de production ou du marché. Les matières premières sont exprimées surtout au plus bas du coût (méthode de l'épuisement) ou du premier entré, premier sorti) ou du marché.

du marché.

Emprunts hypothécaires 43%-71%
échant en divers versements jusqu'en 1995

1972 - \$ 1,587,748; 1973 - \$ 1,307,727; 1974 - \$ 907,316; 1975 - \$ 758,814.

Le capital-actions autorisé et émis au 31 décembre 1970 s'établissait comme suit:

(1) Le 5 janvier 1970, toutes les actions privilégiées de premier rang émises et en circulation ont été rachetées à leur valeur nominale et ne seront pas remises. Les bénéfices non répartis comprennent un montant égal à leur valeur nominale mis de côté selon les provisions de la loi.

Au 31 décembre 1970, les détails sur les droits de souscrire qui ont été accordés et qui ne sont pas encore exercés au titre des programmes de souscription de la compagnie s'établissent comme suit:

125,091 actions ordinaires sont réservées pour de futurs octrois d'options.

($\$ 1.6 / \text{E.-U.}$) à exercer entre 1970 et 1972. Des options sur 28,000 de ces actions ont été exercées durant 1970.

Les fonds qui se trouvent dans divers pays ou le groupe effectue son exploitation sont assujettis aux règlements concernant le change qui dépendent de la nature des fonds et des règlements existants dans un pays en particulier n'importe quand. Dans l'ensemble, il n'existe aucune des restrictions mineures sur le retrait d'espèces de nature ordinaire, tels les dividendes. Les retraits importants de fonds de nature capital peuvent, cependant, être assujettis aux restrictions concernant le change.

Le Groupe maintient plusieurs plans de pension et retraite couvrant la plupart des employés. Les charges et dépenses relatives à ces plans ont montées en 1970 à \$ 709,835. Cette somme comprend l'amortissement de coûts pour services passés.

Hunter Douglas Limitée et ses filiales

ÉTAT CONSOLIDÉ DE LA PROVENANCE ET DE L'UTILISATION DES FONDS
POUR L'EXERCICE TERMINÉ LE 31 DÉCEMBRE 1970
(les montants sont exprimés en devises américaines)

PROVENANCE DES FONDS	1970	1969
\$	\$	\$

Fonds provenant de l'exploitation	7,106,051	6,685,054
Revenu net avant participations minoritaires		
Dépenses d'exploitation n'entraînant pas de déboursés immédiats:		
Amortissements	4,083,877	3,005,799
Provision pour dettes à long terme, montant net	1,284,930	738,968
Autres	83,801	81,406
Emission publique initiale de 486,500 actions ordinaires le 27 juin 1969 moins les dépenses s'y rapportant	12,558,659	10,511,227
Emission de capital-actions aux employés	—	6,554,122
	—	410,670
	12,558,659	17,476,019

UTILISATION DES FONDS	8,470,270	5,602,518
Augmentation nette des propriétés, usines et matériel		
Diminution (augmentation) nette de la dette à long terme	(1,215,330)	883,327
Rachat d'actions privilégiées de la compagnie mère	968,100	—
Rachat d'actions privilégiées d'une filiale	—	347,700
Dividendes aux actionnaires minoritaires des filiales	299,126	318,061
Dividendes aux actionnaires privilégiés de la compagnie mère	16,184	69,992
Achat d'actions des actionnaires minoritaires des filiales	28,379	145,612
Augmentation nette des autres actifs et des placements	3,295,666	493,281
	11,862,395	7,860,491
	696,264	9,615,528
AUGMENTATION NETTE DU FONDS DE ROULEMENT		

NOTES SE RAPPORTANT AUX ÉTATS FINANCIERS CONSOLIDÉS
POUR L'EXERCICE TERMINÉ LE 31 DÉCEMBRE 1970
(les montants sont exprimés en devises américaines à l'exception de la valeur nominale des actions qui est exprimée en devises canadiennes)

1. Principes suivis en vue de la consolidation

(a) Les états financiers comprennent les comptes de Hunter Douglas Limitée et ses filiales en propriété exclusive ou ses filiales détenues en majorité sauf ceux de certaines filiales qui sont en voie de formation ou dont les opérations ne sont pas importantes et qui n'ont aucun rapport direct avec celles du Groupe. La part que le Groupe détenait dans l'avoir des actionnaires de ces filiales était au moins égale au montant de sa participation. Toutes les compagnies contrôlées à 50 pourcent ont aussi été consolidées puisque leur exploitation fait partie de celle du Groupe.

(b) Les montants des états financiers consolidés sont exprimés en devises américaines et ils ont été convertis comme suit:

Les disponibilités et les exigibilités au taux de change en vigueur à la date du bilan; les actifs et les dettes à long terme ainsi que l'avoir des actionnaires au taux de change qui s'appliquait au moment de l'acquisition ou au moment où la dette a été encourue; le revenu et les dépenses, exclusion faite de l'amortissement, aux taux moyens de change au cours de l'exercice.

Les gains non réalisés sur le change d'après cette méthode ont été reportés; les pertes non réalisées ont été imputées au résultat de l'exercice en cours dans la mesure où ils ont excédé les montants reportés précédemment.

Hunter Douglas Limitee et ses filiales

BILAN CONSOLIDÉ AU 31 DÉCEMBRE 1970

(les montants sont exprimés en devises américaines)

1970	\$
1969	\$

Disponibilités		
Encaisse	6,771,552	5,348,204
Billets et comptes à recevoir (moins provision 1970 — \$ 2,131,745; 1969 — \$ 1,908,302)	35,097,319	29,062,958
Inventaires (note 2):		
Produits finis	19,362,307	15,582,148
Travaux en cours	14,970,657	12,112,128
Matières premières	10,649,599	9,886,958
Total des disponibilités	86,851,434	71,992,396
Propriétés, usines et matériel		
Terrains	3,605,445	3,388,921
Bâtiments	18,058,362	15,880,731
Matériel et outillage	31,094,709	25,423,589
Coût	52,758,516	44,693,241
Amortissement accumulé	22,474,678	18,883,571
	30,283,838	25,809,670

Autres actifs		
Placements et avances dans des filiales non consolidées et d'autres compagnies, au coût (note 1)	935,923	630,553
Billets et comptes à recevoir à long terme	2,884,945	2,058,452
Logements des employés, après la déduction des emprunts hypothécaires s'y rapportant au montant de \$ 1,947,345 (1969 — \$ 1,556,664)	1,214,334	838,983
Actifs intangibles, au coût moins l'amortissement	201,889	309,140
Surplus des investissements dans les filiales sur les actifs nets à la date de l'achat	4,010,443	2,274,640
	9,247,534	6,111,768
	126,382,806	103,913,834

Signé au nom du conseil,

Ralph Sonnenberg, Administrateur

Frank B. Craig, Administrateur

Hunter Douglas Limitée et ses filiales
ÉTAT CONSOLIDÉ DU REVENU
POUR L'EXERCICE TERMINÉ LE 31 DÉCEMBRE 1970
(les montants sont exprimés en devises américaines)

Ventes, moins rendus et rabais	129,777,260	107,734,082
Coût des ventes	84,886,017	70,706,756
Bénéfice brut	44,891,243	37,027,326
Frais de vente, frais généraux et frais d'administration	31,149,914	25,358,496
Revenu d'exploitation	13,741,329	11,668,830
Autres dépenses et (revenus)	676,893	612,162
Intérêts, dépense — dette à long terme	2,119,892	1,272,414
— autres	(157,346)	(199,259)
Change étranger	(788,038)	(502,931)
Intérêt, revenu	(12,332)	(113,349)
Divers	1,839,069	1,069,037
Revenu avant impôts sur le revenu	11,902,260	10,599,793
Impôts sur le revenu	4,796,209	3,914,739
Revenu avant participations minoritaires	7,106,051	6,685,054
Participations minoritaires	765,029	705,015
Revenu net	6,341,022	5,980,039
Revenu net par action ordinaire et différée	\$ 1.10	\$ 1.08
(basé sur le nombre moyen d'actions en circulation durant l'exercice)		

ÉTAT CONSOLIDÉ DES BÉNÉFICES NON RÉPARTIS
POUR L'EXERCICE TERMINÉ LE 31 DÉCEMBRE 1970
(les montants sont exprimés en devises américaines)

1970	1969
\$	\$
34,218,523	28,308,476
6,341,022	5,980,039
40,559,545	34,288,515
16,184	69,992
40,543,361	34,218,523
Dividendes sur actions privilégiées	
Solde à la fin de l'exercice	

Les notes en annexe font partie intégrante des états financiers.

Rapport aux actionnaires

L'activité du Groupe Hunter Douglas a atteint en 1970 un nouveau record du chiffre d'affaires et des bénéfices en dépit d'une conjoncture économique internationale difficile.

Le chiffre d'affaires est passé de 107.7 millions de dollars* en 1969 à 129.7 millions de dollars en 1970 et le bénéfice net de 5,980,000 dollars à 6,341,000 dollars.

Le revenu net par action s'est élevé à 1.10 dollars.

Nous sommes heureux d'annoncer cette augmentation du plus de 20% de notre chiffre d'affaires qui prouve l'essor constant de notre entreprise.

L'augmentation de 6% de nos bénéfices net est d'autant plus encourageante que, malgré la hausse notable du coût des matières premières et des salaires, nous avons pu maintenir nos marges brutes. La progression des bénéfices s'est surtout concrétisée au cours du second semestre et s'est poursuivie sur l'année 1971.

Toutefois l'effet cumulé de divers facteurs nous a empêchés d'atteindre notre taux habituel de croissance: L'augmentation des frais financiers due à une expansion de notre chiffre d'affaires qui s'est traduite par un accroissement tant du volume des stocks que des en-cours. La hausse du loyer de l'argent qui a entraîné des frais financiers supplémentaires d'environ 1 million de dollars. L'augmentation des frais de vente et des frais généraux et d'administration due à la hausse des salaires et à des coûts exceptionnels de développement dans certains secteurs du marché. L'augmentation des impôts sur les bénéfices dans certains pays. Par ailleurs la distribution à la société mère des bénéfices réalisés par les filiales ayant été plus importante que d'habitude, les impôts prélevés à la source ont été accrus.

A la fin de l'année 1970, notre dette à long terme ne représentait que 1.6% du capital. Nous avons depuis augmenté notre endettement à long terme d'environ 5 millions de dollars et avons l'intention de convertir une part de notre crédit à court terme en crédit à moyen et long terme pour améliorer ainsi notre coefficient de fonds de roulement.

Approximativement les deux tiers de notre chiffre d'affaires 1970 provenaient une fois encore de la vente des produits de consommation, pour le bâtiment et l'architecture. Le tiers restant provenait de notre division de machines dont le carnet de commandes est au niveau le plus élevé de son existence. Le principe de base de notre politique d'expansion a toujours été de re-investir nos bénéfices dans des produits nouveaux représentant un fort potentiel de marge bénéficiaire et de ventes à l'échelle mondiale. L'accent a été mis sur la recherche d'acquisitions et de prises de participation susceptibles de contribuer à notre

*) Tous les chiffres en Dollars E.-U.

Rotterdam,
le 31 mars 1971

Ralph Sonnenberg
Président

expansion future en nous ouvrant des débouchés ou des domaines pouvant compléter notre activité actuelle. Nous avons poursuivi cette politique en 1970 en prenant diverses mesures de nature à stimuler notre expansion interne et externe. Plusieurs acquisitions ont été réalisées pendant l'année: Une firme allemande de machines réputée dont la gamme de produits vient compléter celle de notre filiale Wotan. Une société hollandaise des plus importantes dans le domaine du matériel de camping qui a accéléré notre entrée dans le secteur des équipements de loisirs. Une société industrielle et commerciale canadienne qui nous a permis de renforcer notre réseau de distribution à l'échelle du pays. En février dernier, nous avons acheté Nederlandse Aluminium Maatschappij (NEDAL). Nous avons ainsi accès au domaine de l'extrusion et de la feuille mince d'aluminium et avons pris une place de choix sur le marché croissant des candelabres d'auto routes. La construction en Hollande d'un centre de finition, stockage et expédition de 20,000 m² a démarré au cours du second semestre 1970. La construction de l'usine d'électrolyse d'aluminium à Vlissingen (Hollande) à laquelle nous participons avec la Compagnie Pechiney progresse, la mise en service étant prévue pour le deuxième trimestre 1971. Elle nous assurera l'approvisionnement de notre matière première la plus importante à des prix favorables. Nous avons investi environ 8 millions de dollars au cours de l'exercice 1970 pour étendre et améliorer nos installations industrielles à travers le monde. Au début du mois d'octobre, les structures du Groupe ont été modifiées et le siège de la Direction Centrale transféré à Rotterdam, centre de notre plus importante exploitation. Nous attendons de cette reorganisation une efficacité accrue et une réduction des coûts de gestion. La promotion de plusieurs directeurs au poste de Vice-Président a été annoncée à cette époque, ainsi que ma nomination au poste de Président-Directeur Général. Les activités canadiennes ont été regroupées au sein d'une filiale distincte, Hunter Douglas Canada Limitée. Le Conseil d'Administration se joint à moi pour remercier les plus de 7,000 collaborateurs du Groupe Hunter Douglas dont la contribution a permis notre expansion et la réalisation de nos projets. Nous sommes confiant que les efforts réalisés en 1970 continueront à améliorer nos ventes et nos bénéfices en 1971.

Ralph Sonnenberg

Hunter Douglas Limitee et ses filiales

TABLEAU FINANCIER DES CINQ DERNIERES ANNÉES
(les montants sont exprimés en milliers de dollars américains
excepté les données par actions et les coefficients)

1970	129,777	107,734	1968	1967	1966
Ventes nettes					
Revenu avant déduction des impôts et des participations minoritaires	11,902	10,600	9,147	6,306	5,233
Revenu net après déduction des impôts et des participations minoritaires	6,341	5,980	5,105	3,405	2,899
Revenu avant déduction des impôts et des participations minoritaires exprimé en pourcentages des ventes nettes	9.2%	9.8%	10.5%	9.2%	8.5%
Revenu net basé sur le nombre moyen d'actions ordinaires et différées en circulation (après déduction des dividendes des actions privilégiées) *	1.10	1.08	.97	.64	.54
Mouvements de trésorerie	12,559	10,511	9,133	6,474	5,295
Montant en espèces provenant du nombre moyen d'actions ordinaires et différées	2.18	1.91	1.74	1.24	1.01
Coefficient du fonds de roulement	1.57	1.75	1.63	1.97	1.92
Avoir des actionnaires à la fin de l'exercice	51,696	46,339	33,464	29,298	25,963
Nombre moyen d'actions ordinaires et différées en circulation durant l'exercice (compte tenu des fractionnements)	5,773,249	5,513,478	5,240,173	5,234,592	5,234,592
Valeur comptable des actions ordinaires et différées à la fin de l'exercice	8.95	7.86	6.19	5.23	4.59
Pourcentage de la dette à long terme par rapport à l'avoir (y compris les participations minoritaires) à la fin de l'exercice	11.6%	10.6%	16.3%	14.9%	15.2%
Additions aux propriétés, aux usines et à l'équipement	9,248	6,185	5,308	3,390	4,617
Amortissement	4,084	3,006	2,639	2,349	2,226

*) Revenus nets par action sont exprimés uniquement en dollars américains en raison du taux de change flottant existant entre le dollar américain et le dollar canadien. Pour une meilleure information les revenus nets en dollars américains par action ordinaire et différée sont exprimés en dollars canadiens:
(i) au taux moyen en vigueur dans chaque année respectivement (note 1b des états financiers)
(ii) au taux en vigueur le 31 décembre 1970 appliqué à toutes les années

1.15
1.11
1.15
1.08
1.04
.98
.69
.64
.58
.54

L'Assemblée Générale annuelle des actionnaires se tiendra à l'auditorium de l'édifice de la Banque Royale du Canada, 1 Place Ville Marie, Montréal, Québec, Canada, à 15 heures le 30 avril 1971.

1970 RAPPORT ANNUEL



**HUNTER
DOUGLAS
GROUP**



file *AR28*

Hunter Douglas Limited

AR28



interim report

Six months ended June 30, 1969



To our Shareholders:

I am pleased to report that the Group's net income after minority interest for the six months ended June 30, 1969, increased to U.S. \$2,312,000 (U.S. \$.44 per share, or at to-day's exchange rate, Can. \$.47 per share) compared with U.S. \$1,839,000 for the same period in 1968, an improvement of 25%. Sales for the first half of 1969 were U.S. \$48,190,000 compared with U.S. \$37,661,000 for the same period last year.

New records in production, turnover and profits have been achieved. The principal factors contributing to these excellent results were continued strong sales of our consumer and building products in most countries in which we have operations, as well as excellent demand for our capital equipment, particularly by consumer oriented industries, resulting in substantial order backlogs going into 1971. Greater production efficiency and continued attention to cost control also benefited our performance.

Traditionally, the second half of the year is responsible for a larger part of our annual earnings. For example, net income for the first six months of 1968 was U.S. \$1,839,000, compared to calendar year 1968 net income of U.S. \$5,105,385. Although many economists forecast a business slow down in North America during the last half of 1969, we expect our worldwide operations during the second half of 1969 to better the results for the same period of 1968. Barring unforeseen developments, we project a 15% increase of total annual earnings for 1969 over 1968 on sales of around U.S. \$100,000,000.

Mary Lummis

Chairman of the Board

August 27, 1969

CONSOLIDATED STATEMENT OF INCOME

(expressed in United States dollars)

(THOUSANDS OF DOLLARS)
Six months ended June 30

	1969	1968
Net Sales	48,190	37,661
Cost of sales	31,404	24,712
Gross profit	16,786	12,949
Selling, general and administrative expenses	11,443	8,867
Operating Income	5,343	4,082
Other expenses	928	564
Income Before Taxes	4,415	3,518
Income taxes	1,891	1,559
Income Before Minority Interest	2,524	1,959
Minority interest	212	120
Net Income	2,312	1,839

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

(expressed in United States dollars)

Source of Funds

From operations		
Net income before minority interest	2,524	1,959
Charges to operations not involving a current outlay of cash		
Depreciation and amortization	1,373	1,341
Provisions for long-term liabilities - net	213	363
	4,110	3,663
Initial public sale of 486,500 common shares on June 27, 1969	6,608	—
Issuance of stock to minority shareholders of subsidiary companies	1	2,281
Miscellaneous	413	(1,937)
	11,132	4,007

Use of Funds

Additions to property, plant and equipment - net (including assets obtained on acquisition of subsidiary companies)	2,286	4,686
Repayment (increase) of long-term debt - net, and redemption of preferred shares of a subsidiary company	533	(794)
Dividends to minority shareholders of subsidiary companies and to preferred shareholders of parent company	214	144
	3,033	4,036
Net increase (decrease) in working capital	8,099	(29)



Hunter Douglas Limited



A nos actionnaires:



rapport provisoire

Six mois terminés le 30 juin 1969

J'ai le plaisir d'annoncer que les bénéfices nets du Groupe, après déduction des intérêts minoritaires, pour les six mois terminés le 30 juin 1969, se sont élevés à U.S. \$2,312,000 (équivalant à U.S. \$.44 par action, ou, au taux de change d'aujourd'hui, à Can. \$.47, par action) à rapprocher de U.S. \$1,839,000 pour la période correspondante en 1968, soit une augmentation de 25%. Les ventes se sont chiffrées par U.S. \$48,190,000 durant la première moitié de 1969 comparativement à U.S. \$37,661,000 pour la même période de l'année dernière.

La production, le chiffre d'affaires et les bénéfices ont atteint de nouveaux sommets principalement attribuables au maintien du niveau élevé des ventes de nos matériaux de construction et de consommation dans la plupart des pays où nous exerçons des activités, ainsi qu'à une très grande demande pour nos biens d'équipement provenant surtout d'industries axées sur les biens de consommation, d'où le carnet de commandes important qui s'étend jusqu'en 1971. Notre réussite est aussi attribuable à une amélioration de la productivité et à une surveillance constante des coûts.

La seconde moitié de l'année représente normalement une plus grande proportion des gains annuels. Par exemple, les bénéfices nets pour les premiers six mois de 1968 étaient de U.S. \$1,839,000, à comparer aux bénéfices nets qui se sont établis pour 1968 à U.S. \$5,105,385. Bien que plusieurs économistes prédisent une baisse des affaires en Amérique du Nord au cours de la seconde moitié de 1969, nous comptons que nos activités à travers le monde durant la seconde moitié de 1969 mèneront à des résultats supérieurs à ceux obtenus au cours de la même période en 1968. Exception faite de circonstances imprévues, nous prévoyons réaliser sur des ventes d'environ U.S. \$100,000,000 en 1969 un gain de 15% supérieur à celui de 1968.

Mary Summby

Président du Conseil.

27 août 1969

ÉTAT CONSOLIDÉ DES BÉNÉFICES (en dollars américains)

	(MILLIERS DE DOLLARS) pour les six mois terminés le 30 juin	
	1969	1968
Ventes nettes	48,190	37,661
Coût des ventes	<u>31,404</u>	<u>24,712</u>
Bénéfice brut	16,786	12,949
Dépenses de vente, générales et d'administration	<u>11,443</u>	<u>8,867</u>
Bénéfices d'exploitation	5,343	4,082
Autres dépenses	<u>928</u>	<u>564</u>
Bénéfices avant impôts	4,415	3,518
Impôts sur le revenu	<u>1,891</u>	<u>1,559</u>
Bénéfices avant déduction des intérêts minoritaires	2,524	1,959
Intérêts minoritaires	<u>212</u>	<u>120</u>
Bénéfices nets	2,312	1,839

ÉTAT CONSOLIDÉ DE LA PROVENANCE ET DE L'UTILISATION DES FONDS (en dollars américains)

Provenance des fonds		
D'exploitation		
Bénéfices nets avant déduction des intérêts minoritaires	2,524	1,959
Frais d'exploitation n'ayant requis aucun déboursé		
Dépréciation et amortissement	1,373	1,341
Réserves pour passif à long terme - montant net	<u>213</u>	<u>363</u>
	4,110	3,663
Vente initiale de 486,500 actions ordinaires au public le 27 juin 1969	6,608	—
Emission d'actions aux actionnaires minoritaires de filiales	1	2,281
Divers	<u>413</u>	<u>(1,937)</u>
	11,132	4,007
Utilisation des fonds		
Additions aux immobilisations - montant net (incluant actifs obtenus lors de l'acquisition de filiales)	2,286	4,686
Remboursement (augmentation) de la dette à long-terme - montant net, et rachat d'actions privilégiées d'une filiale	533	(794)
Dividendes aux actionnaires minoritaires de filiales et aux actionnaires privilégiés de la société mère	<u>214</u>	<u>144</u>
	3,033	4,036
Augmentation (diminution) nette du fonds de roulement	8,099	(29)

CONSOLIDATED STATEMENT OF INCOME
(expressed in United States dollars)

for the six months ended June 30, 1970

(THOUSANDS OF DOLLARS)
(EN MILLIERS DE DOLLARS)

	1970	1969
Net Sales	57,619	48,190
Cost of Sales	37,804	31,404
Gross Profit	19,815	16,786
Selling, general and administrative expenses	14,295	11,443
Operating Income	5,520	5,343
Other expenses	893	928
Income Before Taxes	4,627	4,415
Income Taxes	1,972	1,891
Income Before Minority Interest	2,655	2,524
Minority Interest	244	212
Net Income	2,411	2,312

Net Income per average number of Common and Deferred Shares Outstanding
(1970: 5,773,249; 1969: 5,253,708)

.42

**CONSOLIDATED STATEMENT OF
SOURCE AND USE OF FUNDS**
(expressed in United States dollars)

Source of Funds		
From operations		
Net Income before minority interest	2,655	2,524
Charges to operations not involving a current outlay of cash		
Depreciation and amortization	1,725	1,408
Provision for long-term liabilities — net	358	213
Other	41	38
	4,779	4,183
Initial public sale of 486,500 common shares on June 27, 1969	—	6,608
Increase (Decrease) in long-term debt — net	1,481	(185)
	6,260	10,606
Use of Funds		
Additions to property, plant and equipment — net	4,130	2,286
Redemption of preferred stock of parent company	968	—
Acquisition of stock from minority shareholders of subsidiary companies	28	346
Dividends to minority shareholders of subsidiary companies and to preferred shareholders of parent company	158	214
Increase (Decrease) in other assets and investments — net	282	(339)
	5,566	2,507
Net Increase in Working Capital	694	8,099

Note: Subject to Year End Audit

ÉTAT CONSOLIDÉ DES BÉNÉFICES
(en dollars américains)

Pour les six mois terminés le 30 juin 1970

AR28

(THOUSANDS OF DOLLARS)
(EN MILLIERS DE DOLLARS)

Ventes nettes	48,190
Coût des ventes	31,404
Bénéfice brut	16,786
Frais de vente et frais généraux d'administration	11,443
Revenu d'exploitation	5,343
Autres dépenses	928
Revenu avant impôts	4,415
Impôts sur le revenu	1,891
Revenu avant l'intérêt minoritaire	2,524
Intérêt minoritaire	212
Revenu net	2,312
Revenu net basé sur le nombre moyen d'actions ordinaires et différées en circulation	(1970: 5,773,249; 1969: 5,253,708)

**ÉTAT CONSOLIDÉ DE LA PROVENANCE
ET DE L'UTILISATION DES FONDS**
(en dollars américains)

Provenance des fonds	
D'exploitation	
Revenu net avant les intérêts minoritaires	2,524
Dépenses d'exploitation n'entraînant pas de déboursé	
Amortissements	1,408
Provisions pour dettes à long terme, montant net	213
Autres	38
	4,183
Emission publique initiale de 486,500 actions ordinaires le 27 juin 1969	6,608
Augmentation (diminution) nette de la dette à long terme	(185)
	10,606
Utilisation des fonds	
Augmentation nette des propriétés, usines et matériel	2,286
Rachat d'actions privilégiées de la société mère	—
Achat d'actions des actionnaires minoritaires des filiales	346
Dividendes aux actionnaires minoritaires des filiales et aux actionnaires privilégiés de la société mère	214
Augmentation (diminution) nette des autres actifs et des placements	(339)
	2,507
Augmentation nette du fonds de roulement	8,099

Remarque : Sujets à la vérification de fin d'année

interim report

Six months ended June 30, 1970



Hunter Douglas Limited

rapport provisoire

Six mois terminés le 30 juin 1970

Il me fait plaisir d'annoncer que votre compagnie a réalisé une fois de plus des ventes et bénéfices nets accrus au cours du premier semestre de 1970. En effet, notre chiffre d'affaires a atteint \$57,619,000 E.-U. par rapport à \$48,190,000 E.-U. pour la période correspondante en 1969; et les bénéfices nets, après déduction des intérêts minoritaires, se sont élevés à \$2,411,000 E.-U. au regard de \$2,312,000 E.-U. pour le premier semestre de 1969.

Toutefois, malgré l'essor satisfaisant des ventes et de la demande de nos produits, l'augmentation des profits s'est révélée inférieure aux prévisions, n'ayant pas conservé l'élan exceptionnel enregistré au cours du premier semestre, l'an dernier. Cet état de choses est attribuable à plusieurs facteurs, notamment la hausse du coût des matières premières, des salaires et gages, ainsi que des taux d'intérêt. D'autre part, il est aussi dû, mais à un degré moindre, à la baisse de la marge moyenne de bénéfice causée surtout par l'augmentation, proportionnellement moins élevée, des ventes des produits en aluminium par rapport à celle de la division des machines-outils. Nous avons apporté des hausses dans nos prix de vente, mais elles n'ont pas été pleinement mises en vigueur au cours de la période en revue.

Les perspectives pour le deuxième semestre de 1970 sont à l'enseignement d'un optimisme prudent. En effet, les demandes pour nos produits d'architecture, de consommation et de construction demeurent fort importantes et notre carnet de commandes de machines-outils n'a jamais été aussi imposant. Nous prévoyons donc qu'au cours de 1970, les bénéfices du Groupe continueront d'augmenter par rapport à l'an dernier. Cependant, nous doutons que leur rythme de croissance habituel puisse se maintenir, en raison de la conjoncture économique défavorable qui sévit actuellement presque partout dans le monde.

Notre situation financière est forte, puisque notre endettement à long terme ne représente que 13,0 pour cent de l'avoir des actionnaires et que les fonds de financement à moyen terme disponibles, mais inutilisés, dépassent \$5,000,000.

L'an dernier, nous vous avons avisés que les Bourses de Montréal et de Toronto nous avaient dispensés de l'obligation de produire un état sommaire de nos bénéfices pour le troisième trimestre de 1969 et le premier trimestre de 1970. Acceptant notre proposition, elles viennent aussi de nous autoriser à ne publier à l'avenir que le chiffre des ventes nettes consolidées du Groupe Hunter Douglas pour les premier et troisième trimestres de chaque année, accompagné de commentaires généraux sur la rentabilité de notre exploitation, et ce, au lieu de produire tous les ans un état sommaire de nos bénéfices pour les trimestres en question. Ainsi, vous serez tenus au courant d'une manière plus actuelle des progrès de votre compagnie.

28 août 1970

I am pleased to report that your Company has been able to achieve further increases in net sales and earnings for the first half year of 1970. Our sales have increased to U.S. \$57,619,000 compared with U.S. \$48,190,000 for the same period in 1969, and our net income after minority interest advanced to U.S. \$2,411,000 from U.S. \$2,312,000 for the six-month period in 1969.

Although the increase in sales and demand for our products is gratifying, the increase in profits was below expectations and did not match the exceptional profit growth of the first half year of 1969. The main reasons were increased costs of raw materials, wages and salaries, and higher interest rates. To a lesser extent, a different ratio of product mix is responsible for somewhat lower profit margins, mainly resulting from the fact that the sales increase in aluminum products was not

Our outlook for the second half of 1970 is one of guarded optimism. Strong demand for our consumer, architectural and building products continues and order backlog in our machinery division remains at a record high. We anticipate a continued increase of the Group's 1970 earnings over the previous year, but in view of continuing unfavourable economic conditions in most parts of the world, we doubt that our historical earnings growth will be continued this year.

The floating of the Canadian dollar, which resulted in higher values for this currency, does not substantially affect your Company's operations.

Last year, we advised you that the Montreal and Toronto Stock Exchanges had exempted us from filing earnings summaries for the third quarter 1969 and first quarter 1970. These Exchanges have now accepted our proposal that, instead of future first and third quarter earnings summaries, we publish the Group's consolidated net sales during the quarter together with general comment on profitability of our operations. This will keep you informed on a more current basis as to your Company's progress.

August 28, 1970



AR28

RICHARDSON SECURITIES OF CANADA

SENIOR PARTNER: GEORGE T. RICHARDSON

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HUNTER DOUGLAS LIMITED
KAPS TRANSPORT LTD.
JOHN LABATT LIMITED

NOVEMBER 1969



RICHARDSON SECURITIES
OF
CANADA

AFILIATE OF

James Richardson & Sons, Limited
Established 1855

COMMON STOCK QUOTATIONS

(As at October 30, 1969)

Security	Indicated Div. Rate ^o	E.P.S. (Z)	Price	Yield %	P/E (X)
BANKS AND FINANCIAL					
Bank of Montreal.....	.72+.03	1.09	15.75	4.76	14.4
Bank of Nova Scotia.....	.72+.02	1.61	24.00	3.08	14.9
Banque Can. Nationale.....	.68	1.15	10.75	6.33	9.2
Banque Provinciale.....	.48+.05	.89	9.00	5.89	10.1
Cdn. Imperial Bank.....	.68	1.35	20.63	3.30	15.3
Royal Bank.....	.80	1.51	22.63	3.54	15.9
Toronto-Dominion Bank.....	.68	1.37	22.00	3.09	16.1
Argus Corporation.....	.60	.70	18.50	3.24	26.4
Guaranty Trust.....	.50	.81	10.50	4.76	13.9
Huron and Erie.....	.52	1.11	16.50	3.15	14.9
Industrial Acceptance.....	.70	1.15	14.75	4.75	12.6
Investors Group "A".....	.40	.72	10.25	3.90	12.8
National Trust.....	.68+.06	1.41	21.00	3.52	14.9
Power Corporation.....	.44	.50	13.50	3.26	27.0
Traders Group.....	.60	1.11	10.50	5.71	9.5

BREWERS AND DISTILLERS

Canadian Breweries.....	.40	.65	9.00	4.44	13.8
H. Corby.....	1.00+.65	2.59	27.00	6.11	10.4
Distillers Seagrams.....	1.20	3.28	54.88	2.19	16.7
John Labatt.....	.60	1.18	29.00	2.07	24.6
Molson "A".....	.72	1.33	17.88	4.03	13.4
Hiram Walker.....	1.20+.25	3.00	44.63	3.25	14.9

CHEMICALS AND TEXTILES

Canadian Industries.....	.60	1.20	13.13	4.57	10.3
Chemcell.....	.24+.05	.61	9.75	2.97	16.0
Dominion Textile.....	.60	1.91	12.50	4.80	6.5
DuPont of Canada.....	1.00	1.57	25.25	3.96	16.1
Union Carbide Canada.....*	.60	.96	16.38	3.66	17.1

CONSTRUCTION

Canada Cement.....	1.20	2.67	29.50	4.07	11.1
Dominion Bridge.....	.80	1.40	13.50	5.93	9.6

ELECTRICAL AND ELECTRONIC

C.A.E. Industries.....	.30+.03	.45	7.13	4.63	15.8
Cdn. Westinghouse.....*	.50	1.06	12.25	4.08	11.6
Electrohome.....	.40	1.57	34.13	1.17	21.7
FPE Pioneer.....	.56	1.46	16.00	3.50	11.0

HEAVY INDUSTRY

Acklands.....	.24	1.23	11.00	2.18	8.9
Canron.....	1.00	1.45	17.00	5.88	11.7
Dominion Foundries.....	.80	2.41	22.50	3.56	9.3
Ford of Canada.....	2.00	6.05	66.00	3.03	10.9
Hawker Siddeley.....	Nil	.26	3.15	...	12.1
Hayes-Dana.....	.44	.85	11.25	3.91	13.2
Interprov. Steel.....	Nil	.09	5.00	...	55.6
Kelsey-Hayes.....	.50	1.64	12.25	4.08	7.5
Massey-Ferguson.....	1.00	1.57	19.13	5.23	12.2
Slater Steel.....	.60	1.45	13.75	4.36	9.5
Steel of Canada.....	1.20	2.79	22.25	5.39	8.0
Versatile Mfg.....	.24	.79	7.75	3.10	9.8
Westeel-Rosco.....	.60	.64	13.00	4.62	20.3

MERCHANDISING AND FOODS

Atlantic Sugar.....	.25	.23	6.63	3.77	28.8
B.C. Sugar.....	.80	1.28	17.50	4.57	13.7
Burns Foods.....	.60	1.56	24.25	2.47	15.5
Cda. & Dominion Sugar.....	1.70	2.90	35.50	4.79	12.2
Cda. Packers "A".....	.56	1.29	18.00	3.11	14.0
Cdn. Tire Corporation.....	.36	1.80	72.00	.50	40.0
Codville Distributors.....	.18	.44	4.65	3.87	10.6
Crush International.....	.16	.40	13.13	1.22	32.8
Dominion Stores.....	.72	1.17	13.38	5.38	11.4
Federal Grain.....	.40	.54	6.38	6.27	11.8
General Distributors.....	Nil	.52	15.75	...	30.3
Horne & Pitfield.....	.10	.28	3.15	3.17	11.3
Hudson's Bay Company.....	.52	1.08	18.50	2.81	17.1
Loblaw Companies "A".....	.38	.56	6.75	5.63	12.0
M. Loeb.....	.20	.51	7.50	2.67	14.7
Maple Leaf Mills.....	.80+.10	2.25	18.50	4.86	8.2
Metropolitan Stores.....	Nil	1.94	29.50	...	15.2
Oshawa Wholesale "A".....	.22	.99	26.75	.82	27.0
Simpson's.....	.40	.94	18.75	2.13	19.9
Simpsons-Sears.....	.48	.94	27.00	1.78	28.7
Sobey's Stores.....	.36	.98	8.00	4.50	8.2
Steinberg's "A".....	.36	1.10	11.75	3.06	10.7
George Weston "A".....	.75	1.72	20.63	3.64	12.0
Woodward "A".....	.52	1.04	18.50	2.81	17.8
Zeller's.....	.24	.50	11.50	2.09	23.0

MINES AND METALS

Alcan Aluminum.....*	1.30	2.14	31.25	4.13	14.6
Asbestos Corporation.....	1.00	1.79	25.50	3.92	14.2
Aunor.....	.20	.25	3.15	6.35	12.6
Bethlehem Copper.....	.50+.05	1.27	18.50	2.97	14.6
Brunswick.....	Nil	Def.	7.70	...	...
Cdn. British Aluminum "A".....	.40	.93	21.63	1.85	23.3
Cassiar Asbestos.....	.40+.20	.81	17.50	3.43	21.6
Cominco.....	1.40	1.93	29.50	4.75	15.3
Conwest Exploration.....	.12	.25	11.00	1.09	44.0
Craigmont Mines.....	1.00	.78	13.25	9.43	17.0
Denison Mines.....	1.40	2.85	48.75	2.87	17.1
Dickenson Mines.....	.05	.12	2.50	2.00	20.8
Dome Mines.....*	.80	2.00	51.00	1.57	25.5
Dynasty Mines.....	Nil	Nil	16.00	...	...
East Sullivan.....	.50	.82	6.95	7.19	8.5
Falconbridge.....	.3.00+.50	4.88	144.75	2.42	29.7
Giant Yellowknife.....	.40+.05	.46	11.00	4.09	23.9
Hollinger.....	1.40	2.50	29.85	4.79	11.7
Hudson Bay Mining.....	.3.40+.60	7.42	85.00	4.71	11.5
International Nickel.....	.1.30	1.93	42.00	3.07	21.8
Kerr-Addison.....	.56	.71	13.63	4.11	19.2
Labrador Mining.....	1.60	2.38	30.00	5.33	12.6
Mattagami Lake.....	1.20+.30	1.10	24.25	6.19	22.0
McIntyre Porcupine.....	2.00	2.82	138.00	1.45	48.9
Noranda.....	1.10	2.20	32.50	3.38	14.8
Northgate Exploration.....	.54	1.67	15.50	3.48	9.3
Opemiska Copper.....	.60+.20	.82	12.13	6.60	14.8
Patino Mining.....	.30	.70	48.13	.62	68.8
Pine Point.....	4.00	4.66	36.00	11.11	7.7

RICHARDSON SECURITIES OF CANADA

Security	Indicated Div. Rate [ⓐ]	E.P.S. (Z)	Price	Yield %	P/E (X)
MINES AND METALS—Continued					
Placer.....	1.00	1.59	43.50	2.30	27.4
Rio Algom Mines..... [ⓑ]	.40	.99	20.75	1.93	21.0
Sherritt Gordon..... [ⓑ]	.30	.54	15.75	1.90	29.2
Siscoe Mines..... [ⓑ]	.07	.15	2.70	2.59	18.0
Steep Rock Mines.....	Nil	.48	4.40	....	9.2

OIL AND GAS

Banff..... [ⓑ]	Nil	.20	11.00	....	55.0
Cdn. Export..... [ⓑ]	Nil	.05	6.30	....	26.0
Cdn. Superior..... [ⓑ]	Nil	.87	33.00	....	37.9
Central-Del Rio..... [ⓑ]	.20	.51	10.75	1.86	21.1
Dome Petroleum..... [*]	Nil	3.00	68.00	....	22.7
Great Plains..... [ⓑ]	.40	1.04	22.75	1.76	21.9
Gulf Canada.....	.60	1.06	17.00	3.53	16.0
Home "A".....	.50	.83	35.50	1.41	42.8
Hudson's Bay Oil..... ^{ⓑ*}	.50	1.38	40.00	1.25	29.0
Husky Oil Canada..... [ⓑ]	.30	.87	13.63	2.20	15.7
Imperial..... ^{ⓑ*}	.50+.03	.78	16.38	3.24	....
Numac.....	Nil	Def.	6.80	....	....
Pacific Petroleum..... ^{ⓑ*}	.25	.63	27.63	.90	43.9
Petrofina Canada.....	.70+.05	1.31	17.75	4.23	13.5
Shell Canada "A"..... [ⓑ]	.50	1.62	28.13	1.78	17.4
Texaco Canada.....	.80	2.12	24.50	3.59	11.6
Union Oil..... [*]	Nil	1.10	41.50	....	37.7

PIPELINES

Alberta Gas "A".....	1.50	1.95	43.00	3.49	22.1
Interprovincial Pipe.....	.72	.92	21.00	3.43	22.8
Pembina Pipe.....	Nil	1.01	19.13	....	18.9
Trans Canada Pipe.....	1.00	1.53	34.25	2.92	22.4
Trans Mountain Pipe.....	1.00+.10	1.39	15.88	6.93	11.4
Westcoast Transmission.....	.50	.89	28.00	1.79	32.2
Western Pacific.....	.25	.32	4.70	5.10	15.3

PULP, PAPER AND LUMBER

Abitibi.....	.36	.60	11.13	3.23	18.6
B.C. Forest.....	1.00	1.97	32.25	3.10	16.4
Beaver Lumber.....	.50	1.05	16.25	3.08	15.5
Columbia Cellulose..... [*]	Nil	Def.	7.75	....	....
Consolidated-Bathurst.....	1.00	1.36	24.25	4.12	17.8
Crown Zellerbach Cda. "A".....	1.00	1.66	22.00	4.55	13.3
Domtar..... [ⓑ]	.60	.72	14.25	4.21	19.1
Great Lakes Paper.....	1.00	.86	25.00	4.00	29.1
MacMillan Bloedel.....	1.00	1.86	33.25	3.01	17.9
Price.....	.75	.76	15.25	4.92	20.1
Scott Paper.....	.90	1.79	24.00	3.75	13.4
Weldwood.....	.50	2.10	19.25	2.60	9.2

(X) Price/Earnings Ratio based on earnings for latest fiscal year.

(Z) Earnings (Loss) per share for latest fiscal year; adjusted for stock splits, etc.; converted into Canadian funds where necessary.

[ⓐ]As indicated by most recent dividend and/or payments in the past 12 months.

[ⓑ]According to the provisions of the Income Tax Act (Canada) Canadian taxpayers are permitted depletion allowances on dividends at rates ranging from 10 to 20%.

^{*}Believed to be exempt from Interest Equalization Tax in hands of U.S. residents.

Withholding taxes at the applicable rates will be deducted at source from dividends and interest payable to non-residents of Canada by Canadian companies

Security	Indicated Div. Rate [ⓐ]	E.P.S. (Z)	Price	Yield %	P/E (X)
TRANSPORTATION					
Algoma Central.....	.32	.63	7.25	4.41	11.5
Canada Steamship.....	1.00+.30	2.61	28.00	4.64	10.7
Cdn. Pacific Railway..... [ⓑ]	3.00	5.13	73.75	4.34	14.4
Greyhound Lines Cda.....	.50	.68	13.00	3.85	19.1
Kaps Transport.....	.30	1.16	25.00	1.20	21.6

MISCELLANEOUS

Bow Valley.....	.10	.47	17.00	.59	36.2
Cassidy's.....	.20	.42	4.70	4.26	11.2
Imperial Tobacco.....	.70+.10	1.32	11.63	6.88	8.8
Gesco Distributing.....	Nil	.46	9.13	....	19.8
Moore Corporation..... [ⓑ]	.54	1.18	35.75	1.51	30.3
Neonex.....	.05	.60	8.00	.83	13.3
Rileys Datasare.....	Nil	Def.	5.25	....	....
Rothman's.....	1.00	2.96	18.50	5.41	6.3
Southam Press.....	1.20+.15	2.50	57.00	2.37	22.8
Val-Mar Swim "A".....	.14	.34	4.00	3.50	11.8

UTILITIES

Bell Telephone.....	2.50	3.27	42.50	5.88	13.0
Brascan..... ^{ⓑ*}	1.08	3.02	16.88	6.40	5.6
B.C. Telephone.....	3.00	4.93	67.50	4.44	13.7
Calgary Power.....	.80	1.64	25.63	3.12	15.6
Canadian Utilities.....	1.70	3.68	39.00	4.36	10.6
Consumers Gas.....	.72	.95	15.75	4.57	16.6
Great Lakes Power.....	1.20	1.66	20.00	6.00	12.0
Inland Natural Gas.....	.50	.92	12.00	4.17	13.0
International Utilities.....	1.40	2.97	33.25	4.21	11.2
New Brunswick Telephone.....	.80	.99	11.75	6.81	11.9
Northern & Central Gas.....	.60	1.01	17.38	3.45	17.2
Nova Scotia Light.....	.40	.55	7.75	5.16	14.1
Quebec Natural Gas.....	Nil	.97	16.38	....	16.9
Quebec Telephone.....	.70	1.19	14.25	4.91	12.0
Union Gas.....	.52	.65	15.75	3.30	24.2

MUTUAL FUNDS

	Ind. Div.	Offering Price	Yield %
American Growth.....	.06	7.32	.82
Cdn. Investment.....	.16	4.80	3.33
Growth Equity.....	.08	8.14	.98
Harvard Growth.....	Nil	8.31	....
Investors Mutual.....	.16	5.92	2.71
Investors Growth.....	.21	12.48	1.68
Investors International.....	.75	9.46	.79
Natural Resources Growth.....	.09	8.85	1.07

THE INFORMATION CONTAINED HEREIN WAS OBTAINED FROM SOURCES WE BELIEVE TO BE RELIABLE, BUT WE DO NOT GUARANTEE ITS ACCURACY. THIS PUBLICATION IS FOR INFORMATION AND CONVENIENCE AND IS NOT AN OFFER TO SELL OR A SOLICITATION TO BUY ANY OF THE SECURITIES MENTIONED, IN THE UNITED STATES OR IN ANY OTHER COUNTRY OR THE TERRITORIES OR POSSESSIONS THEREOF. EMPLOYEES AND PERSONS HAVING A DIRECT OR INDIRECT INTEREST IN OUR ORGANIZATION MAY HAVE AN INTEREST IN OR PURCHASE AND SELL THE SECURITIES REFERRED TO HEREIN.



JOHN LABATT LIMITED

1969 Price Range		Recent	Earnings per Share		P/E	Dividend	Yield
High	Low	Price	1968	1969 (E)	Ratio (E)		
\$30.00	\$23.75	\$29.25	\$1.18	\$1.40*	20.9	60¢	2.1%

* Excluding extraordinary gain.

John Labatt Limited is fast becoming a major factor in the food as well as the beverage sector of the Canadian economy. Prior to 1968, Labatt's was essentially a Canadian brewer. While the Company had acquired interests in the wine, fine chemicals and pharmaceutical industries, its non-brewing interests in total accounted for less than 9% of the Company's overall sales of \$147.9 million in 1967.

In 1968, Labatt's embarked on a major diversification programme which together with internal growth more than doubled the size of the Company by fiscal year end April 1969. Acquisitions have been concentrated in the food industry and companies acquired include:

The Ogilvie Flour Mills Corporation Limited,
Manning's, Inc.,
Cham Food Service Ltd.,
Dyck's Hatcheries Limited,
Man-Ont Poultry Farm Eggs Limited,
Laura Secord Candy Shops Limited.

In the current year ending April 1970 non-brewing volume will account for close to half of Labatt's total sales.

BREWERY GROUP In Canada, three companies—Canadian Breweries, Molson Breweries and John Labatt—hold over 90% of the market for beer.

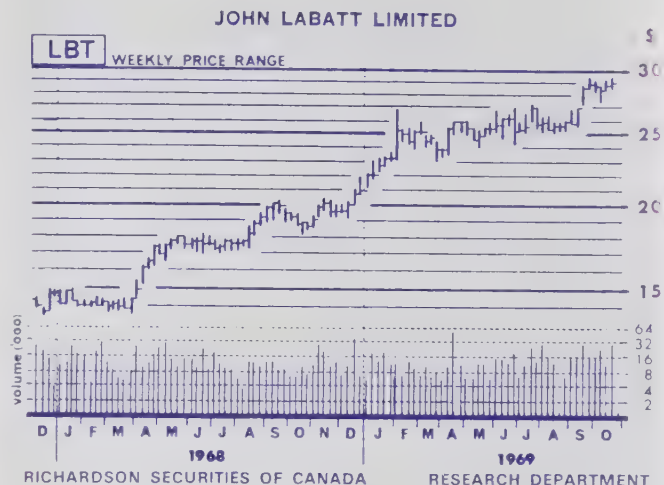
Estimated Share of Market

	1964	1968
Canadian Breweries.....	45%	35%
Molson.....	27%	29%
Labatt.....	21%	29%

Labatt's eight point increase in share of market was clearly achieved at the expense of Canadian Breweries. Labatt's beer sales grew at an annual rate of 12% in the five years 1964 through 1969 as compared with an industry growth rate of 3.5% annually.

FOOD GROUP Ogilvie Flour, the largest flour milling company in Canada, with an estimated 25% of the industry's volume, constitutes the

RICHARDSON SECURITIES OF CANADA



base of Labatt's fast-growing Food Group. Labatt's has formed five divisions within the Food Group:

Packaged Foods: produces and markets products sold through retail outlets such as pasta products, soup and pickles produced by the former Catelli division of Ogilvie, flour itself, the confectionery products of the 64% owned Laura Secord Candy Shops Limited.

Industrial Foods: markets products in bulk such as bakery flour to other processors.

Food Service: provides food service to institutions such as hospitals, offices, plants, commercial restaurants. Manning's, Inc., forms the base of this division in the U.S. Manning's operations include food service management, a chain of 25 cafeterias and a prepared food manufacturing plant which supplies the Company's own, the managed and outside restaurants. Labatt's is currently negotiating to acquire Parnell Foods Limited of London, which supplies and services industrial plants and cafeterias. Parnell would form the base of the Food Service division in Canada.

Feeds: produces and sells feeds; interests in poultry and hog operations.

Starch and Chemicals: produces wheat starch for textile and other industries, flavouring agents.

Two divisions in particular—Packaged Foods and Food Services—appear at this time to offer exciting prospects for growth and the potential for entry to such new fields as food franchising.

GROWTH IN FISCAL 1970 Labatt's reported a sales increase of almost 25% to \$95.7 million in the three months ended July 31, 1969. While a portion of the increase was attributable to newly-consolidated acquisitions in the food industry, a major factor was a 23.4% increase in brewing sales volume (as compared with an industry gain of 12%).

This unusually high rate of increase in beer sales reflected the fact that the industry was affected adversely at that time last year by a month-long work stoppage in Ontario, by far the largest market in Canada. We do not anticipate that this rate of growth will be sustained for the full year.

Within the Food Group, Flour Division volume is believed to have declined as a result of disappointing flour exports. Sales of other divisions are believed to have been ahead moderately with the result that the Food Group as a whole showed a net gain.

First quarter earnings of 43¢ per share compared with 31¢ in the comparable 1968 quarter showed a 38% gain. In addition, Labatt's realized an extraordinary gain of 20¢ per share.

- In the fiscal year ending April 1970 we anticipate:
- that Brewery sales will likely increase by 11%.
 - that sales from the Food Division without this year's acquisitions will rise by a modest 5%.
 - that sales of new acquisitions, i.e., Manning's, Laura Secord and Parnell (assuming the latter acquisition is consummated), could add some \$45 million to this year's volume.
 - that sales of Fine Chemicals and Wine will increase by 10%.

On these assumptions, Labatt's fiscal 1970 volume could be derived as follows:

Estimated Sales by Major Division

	Fiscal 1970	% of Total Volume	Fiscal 1969	% of Total Volume
Brewery Sales . . .	\$197 mln.	51.1%	\$177.4 mln.	56.6%
Food Sales	178 mln.	46.3%	126.7 mln.	40.4%
Fine Chemical and Wine Sales	10 mln.	2.6%	9.1 mln.	3.0%
	<hr/> \$385 mln.	<hr/> 100.0%	<hr/> \$313.2 mln.	<hr/> 100.0%

As the Food Group has increased in importance, net profit margins overall have tended to narrow somewhat—from 4.62% in 1967 to 4.26% in 1969. As the profitability of certain of the newer acquisitions is unknown, it seems advisable to project a continuation of this trend in fiscal 1970. Assuming a profit margin of 4%, earnings before preferred dividends would total \$15.4 million as compared with \$13.4 million in fiscal 1969. Earnings per common share would approximate \$1.40 against \$1.18 last year, an increase of 18.5%. Were the 20¢ non-recurring gain reported in the first quarter to be carried through, total reported earnings in fiscal 1970 could be \$1.60 per common share.

GROWTH IN THE YEARS AHEAD Labatt's recorded high growth in the five year period 1964 through 1969; earnings per share grew at an annual rate of 17%. This growth resulted primarily from the dramatic improvement in Labatt's share of the beer market in Canada. Given that Canadian Breweries is now controlled by Rothman's of Canada Limited, a marketing-oriented company with an excellent record of growth in the tobacco industry, it could be overly optimistic to suggest that Labatt's will continue indefinitely to increase its share of the beer market at the expense of Canadian Breweries. We do think Labatt's may well enjoy above-average growth in the Brewing Group for the next couple of years. Beyond that Labatt's newly-formed Food Group should be contributing to increased volume gains.

Labatt's appears to have established a minimum profit target of a 10% annual gain. Given the past record and given Labatt's diversification into the food industry, we believe this target to be conservative and further that a growth rate of closer to 15% per annum would appear reasonable. The shares of John Labatt are recommended for continued growth.

PAST RECORD Since 1961, the Group has enjoyed an above average sales performance. As a result of internal growth and selected acquisitions, sales during this period have increased by an annual growth rate of 12% (least squares method) to last year's total of \$93.5 million. Due partly to the expenses associated with the introduction of numerically controlled equipment the pace in earnings growth has lagged that of sales. Nevertheless the growth rate has been 9% LSM.

OUTLOOK The overall outlook for the Hunter Douglas Group over the next few years appears promising. Aluminum continues to gain increasing acceptance in many residential, commercial and industrial products. This, coupled with the Group's strong market position and aggressive new product development augurs well for the consumer and building division. Sales growth for this division is expected to average 10-12% per annum. Although the Company's strong market position should enable this division to maintain its present margins we would not look for any significant widening in the foreseeable future.

The machinery and machine tool operations, while subject to short term cyclical fluctuations in capital spending, should benefit from the growing investment programmes of European industry particularly in West Germany where the Company is well represented. In addition, there appears to be potential for widening in profit margins because of firmer machinery prices and the conversion to numerically controlled equipment.

Immediate prospects for Hunter Douglas are bright. In the first half of 1969 the Company reported earnings of 44¢ per share versus 32¢ per share. This pace may be difficult to sustain in the second half but we still look for gains over the comparative period in 1968. For the full year, we anticipate earnings in the range of \$1.10-\$1.15 per share. A substantial order backlog suggests favourable prospects for the early part of 1970.

Hunter Douglas is currently trading at 11.6 times our estimate of earnings for 1969. In view of the Company's record and our expectation that this growth can be maintained the shares appear inexpensive around the current price. As the Company becomes better known to investors we anticipate the shares may ultimately command a higher multiple.

KAPS TRANSPORT LTD.

1969 Price Range		Recent Price	Earnings per Share		P/E Ratio (E)	Dividend	Yield
High	Low		1969*	1970 (E)			
\$27.50	\$17.00	\$25.00	\$1.16	\$1.80-\$2.00	13.2	30¢	1.2%

* Year end June 30th.

As a highly regarded Company engaged in the specialized task of transporting oil drilling equipment over the difficult terrain of Canada's northern regions and Alaska, the Company is a major beneficiary of the intensified exploration activity which is currently taking place in these areas. As a result of a number of selected acquisitions and the anticipated high level of activity in the Company's traditional operations, we expect a major increase in earnings during the current fiscal year to about the \$1.80-\$2.00 level. A 3 for 1 stock split has recently been approved. We feel the shares have attraction for performance-oriented investors.

GROUND OPERATIONS

Kaps operates a fleet of trucks and tracked vehicles, which are principally engaged in "off-highway" transport. Services are provided under contract, in Alberta, British Columbia, the Northwest Territories, the North Slope of Alaska and the Canadian Arctic Islands. The Company's key personnel have acquired a specialized knowledge concerning the movement of all types and sizes of equipment in these remote areas, where transportation is made particularly difficult by the nature of the terrain, and the lack of roads and water crossings. Because of the intensified exploration activity taking

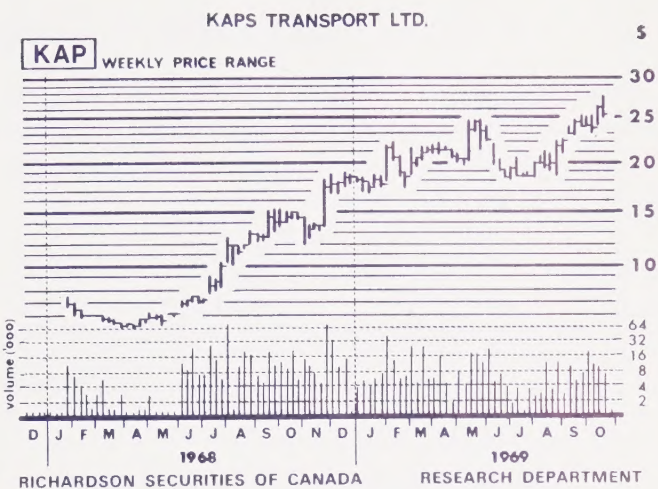
place in some of these regions, especially the North Slope and the Canadian Arctic, the Company is experiencing a high standard of utilization for its equipment.

A wholly-owned subsidiary, R.B.D. Earthmovers Ltd., is engaged in road building, land clearing, and well site work. Since this subsidiary's activities are closely related to the Company's transportation services, a similarly high level of operations is being maintained.

On May 7, 1969, Kaps acquired Al Renk & Sons, Inc., a licensed freight carrier in the State of Alaska. This purchase enables Kaps to round out its operations in Alaska, where the Company is already engaged in contract transportation service at Prudhoe Bay. Al Renk is currently participating in the stockpiling of large diameter pipe for use in the Trans Alaska Pipeline. The first shipload of pipe arrived at Valdez, Alaska, during September and was stored by Renk at that location. Ships are arriving from Japan at the rate of about one vessel every ten days. The hauling distance will increase progressively since the pipe must be delivered to various locations between Valdez and Fairbanks. Although a rail link exists between Seward, Anchorage and Fairbanks, truck transportation involves less handling and it seems likely that Renk will participate in most of these movements.

WATER OPERATIONS One of the most economical methods of transporting heavy equipment to the Canadian Arctic and the Alaskan North Slope is via the Mackenzie River. In the spring of the current year, Kaps, in order to further complete its service to the oil industry, acquired seven barges and two tugs, having a total capacity of 2,765 tons. Prior to this time the only marine equipment operated by the Company consisted of a tug, complete with a 110-ton sectional barge, and a self-propelled 150-ton sectional barge, which has subsequently been converted into a straight barge. The sectional barge is portable by truck and is used for lake and river crossings as well as river barging.

Kaps has applied for a license to operate as a common carrier on the Mackenzie River. A hearing was held in Edmonton on October 15th and a decision is pending. In the meantime the barges have been fully utilized during the past summer under a lease arrangement with a number of oil companies.



Whereas in the past Kaps operations were highly seasonal in nature, the expansion into water transportation is enabling the Company to generate earnings on a year-round basis.

OTHER OPERATIONS Effective January 1, 1969, Kaps acquired R. R. Dales Construction Company Limited, a large supplier of gravel aggregate in Western Canada. The major part of the company's activities takes place during the summer and fall periods. Some of Dale's equipment can be utilized in Kaps' other operations during the winter.

Kaps has a 66⅔% interest in Norcan Parts & Equipment (1965) Ltd., which specializes in the purchase, repair and sale of used heavy equipment and parts. Kaps is expanding the geographical coverage of this company and increased sales are being achieved.

EARNINGS For the year ended June 30, 1969, Kaps achieved a 24.4% increase in revenue to \$7,892,150 and a 38.3% increase in per share earnings to \$1.16. In addition, the Company realized a 34¢ non-recurring gain on the sale of Keir Air Transport Ltd., which had been acquired only a few months earlier.

For the current year, we expect a major increase in earnings, to approximately the \$1.80-\$2.00 per share range. This increase is based upon the inclusion for the first time of earnings from barge operations, R. R. Dales Construction and Al Renk & Sons, Inc., while a high level of activity is also forecast for the Company's traditional transportation services.

HUNTER DOUGLAS LIMITED

1969 Price Range*		Recent	Earnings per Share		P/E	Dividend
High	Low	Price	1968 (pro forma)	1969 (E)	Ratio (E)	
\$14.00	\$10.50	\$13.25	\$0.95	\$1.10-\$1.15	11.6	Nil

* Since listing.

COMPANY [Hunter Douglas and its more than 70 subsidiaries are engaged in the manufacture and marketing of a wide range of products which fall primarily into two distinct areas; aluminum consumer and building products and precision production machinery.] [The Company is Canadian headquartered but activities are international in scope with affiliates operating in 85 countries.] Although the geographical breakdown of its operations is not available the Company has stated that at December 31, 1968, its distribution of shareholders' equity was as follows: Europe 50%, Canada 30%, Oceania 15%, South America and Other 5%.

[The Company is controlled by its founder, Mr. Henry Sonnenberg, and his family.]

CONSUMER AND BUILDING PRODUCTS

Approximately [67%] of the Group's [sales] are represented by consumer building and architectural products.] The bulk of these products are [manufactured from aluminum strip produced by the Company and include such items as shutters, suspended ceilings, commercial siding, and exterior and interior facades.] Aluminum requirements are met by long term supply agreements with primary producers as well as spot purchases.

[One of the Group's main strengths is its extensive marketing organization.] Its products are marketed through a [large network of independent franchised distributors] with a great deal of [emphasis given to brand name recognition.] Components are mass produced by the Company and then shipped to the distributors for custom assembly to buyers' specifications. Continuous research and development coupled with this strong marketing system has enabled the Group to secure a [market penetration in excess of fifty per cent in its major markets.]

MACHINERY AND MACHINE TOOLS

[Manufacture and sale of machinery and equipment, which accounts for 65% of this division's sales, is located in West Germany, the United Kingdom and Holland.] The Company's main manufacturing [subsidiary, Wotan, produces a wide range of horizontal boring, milling, die-casting and injection molding machines.]

Wotan has expanded its market share considerably during the past ten years by a complete redesign of product lines and two significant acquisitions. In addition, the Company has spent large sums of money in recent years to introduce numerical control to its machines. [The Company is expected to benefit noticeably from this conversion in the future as the expenditures have been largely completed.]

In addition to its Wotan operations, [the Hunter Douglas Group includes several companies engaged principally in the distribution and sale of machinery and equipment manufactured by others.] [Activities are centered in Europe but the Company has distribution operations in virtually every industrial country. The list of suppliers is extremely broad with no manufacturer accounting for more than 5% of total machinery sales.]

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